

AMENDED IN ASSEMBLY JUNE 28, 2002

AMENDED IN ASSEMBLY JUNE 11, 2002

AMENDED IN SENATE MAY 14, 2002

AMENDED IN SENATE MAY 1, 2002

AMENDED IN SENATE APRIL 1, 2002

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**SENATE BILL****No. 1898**

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**Introduced by Senator Soto**

February 22, 2002

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An act to add Sections 1569.651 and 1569.655 to the Health and Safety Code, relating to residential care facilities for the elderly.

LEGISLATIVE COUNSEL'S DIGEST

SB 1898, as amended, Soto. Residential care facilities for the elderly: fees and charges.

Existing law provides for the regulation and licensure of residential care facilities for the elderly by the State Department of Social Services. A violation of these provisions is a misdemeanor.

This bill would provide that if a licensee of a residential care facility for the elderly charges a preadmission fee, the licensee is required to provide the applicant with a written statement of specified costs relating to the preadmission fee and other matters.

This bill would prohibit the collection of any preadmission fee from a recipient of benefits under the State Supplementary Program for the Aged, Blind and Disabled who applies for admission to the facility. The bill would only authorize the collection of a rate increase from a recipient under this program under specified circumstances.

The bill would require a licensee to provide residents written notice of rate increases, as specified, and would prohibit the charge of nonrecurring lump-sum assessments, as defined, by a licensee *except for charges for specific goods or services provided to an individual resident*.

By creating new crimes, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1569.651 is added to the Health and
- 2 Safety Code, to read:
- 3 1569.651. (a) A licensee of a residential care facility for the
- 4 elderly may not require any form of preadmission fee or deposit
- 5 from a recipient under the State Supplementary Program for the
- 6 Aged, Blind and Disabled (Article 5 (commencing with Section
- 7 12200) of Chapter 3 of Part 3 of Division 9 of the Welfare and
- 8 Institutions Code) who applies for admission to the facility.
- 9 (b) If a licensee charges a preadmission fee, the licensee shall
- 10 provide the applicant or his or her representative with a written
- 11 *general* statement describing costs associated with the
- 12 preadmission fee charges and stating whether or not the
- 13 preadmission fee is refundable. If the preadmission fee or some
- 14 portion thereof is refundable, the statement shall describe the
- 15 conditions for the refund. A licensee shall only charge a single
- 16 preadmission fee as defined in subdivision (e) per resident
- 17 admission.
- 18 (c) A licensee of a residential care facility for the elderly may
- 19 not require, request, or accept any funds from a resident or a
- 20 resident's representative that constitutes a deposit against any
- 21 possible damages by the resident.



(d) Any fee charged by a licensee of a residential care facility for the elderly, whether prior to or after admission, shall be clearly specified in the admission agreement.

(e) For the purposes of this section, “preadmission fee” means an application fee, processing fee, admission fee, entrance fee, community fee, or other fee, however designated, that is requested or accepted by a licensee of a residential care facility for the elderly prior to admission.

(f) This section shall not apply to licensees of residential care facilities for the elderly that have obtained a certificate of authority to offer continuing care contracts, as defined in paragraph ~~(5)~~ (8) of subdivision (c) of Section 1771.

SEC. 2. Section 1569.655 is added to the Health and Safety Code, to read:

1569.655. (a) If a licensee of a residential care facility for the elderly increases the rates of fees for residents or makes increases in any of its rate structures for services, the licensee shall provide no less than 60 days’ prior written notice to the residents or the residents’ representatives setting forth the amount of the increase, the reason for the increase, and a *general* description of the additional costs, except for an increase in the rate due to a change in the level of care of the resident. This subdivision shall not apply to optional services that are provided by individuals, professionals, or organizations under a separate fee-for-service arrangement with residents.

(b) No licensee shall charge nonrecurring lump-sum assessments. The notification requirements contained in subdivision (a) shall apply to increases specified in this subdivision. For purposes of this subdivision, “nonrecurring lump-sum assessments” mean rate increases due to unavoidable and unexpected costs that financially obligate the licensee. ~~At~~ *In lieu of the lump sum payment, all* increases in rates shall be to the monthly rate amortized over a 12-month period. *The prohibition against a lump sum assessment shall not apply to charges for specific goods or services provided to an individual resident.*

(c) If a licensee increases rates for a recipient under the State Supplementary Program for the Aged, Blind and Disabled, described in Article 5 (Commencing with Section 12200) of Chapter 3 of Part 3 of Division 9 of the Welfare and Institutions

1 Code, the licensee shall meet the requirements for SSI/SSP rate  
2 increases, as prescribed by law.

3 (d) This section shall not apply to licensees of residential care  
4 facilities for the elderly that have obtained a certificate of authority  
5 to offer continuing care contracts, as defined in paragraph (5) of  
6 subdivision (c) of Section 1771.

7 SEC. 3. No reimbursement is required by this act pursuant to  
8 Section 6 of Article XIII B of the California Constitution because  
9 the only costs that may be incurred by a local agency or school  
10 district will be incurred because this act creates a new crime or  
11 infraction, eliminates a crime or infraction, or changes the penalty  
12 for a crime or infraction, within the meaning of Section 17556 of  
13 the Government Code, or changes the definition of a crime within  
14 the meaning of Section 6 of Article XIII B of the California  
15 Constitution.

